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DE RUEHOK #0633 3110738
ZNR UUUUU ZZH
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FM AMCONSUL OSAKA KOBE
TO RUEHC/SECSTATE WASHDC PRIORITY 0616
INFO RUEHKO/AMEMBASSY TOKYO IMMEDIATE 7786
RUEAWJA/DOJ WASHDC PRIORITY
RUEHKSO/AMCONSUL SAPPORO PRIORITY 0161
RUEHNAG/AMCONSUL NAGOYA PRIORITY 2268
RUEHFK/AMCONSUL FUKUOKA PRIORITY 0149
RUEHNH/AMCONSUL NAHA PRIORITY 0172
RUCPDO/USDOC WASHDC
RUEHBJ/AMEMBASSY BEIJING 0400
RUEHUL/AMEMBASSY SEOUL 1097
RUEHBS/USEU BRUSSELS 0018
RUEHFR/AMEMBASSY PARIS 0023

UNCLAS OSAKA KOBE 000633

SIPDIS

DEPT FOR E, EB, EAP/J
STATE PASS USTR FOR AUSTR CUTLER AND MBEEMAN
STATE PASS FEDERAL TRADE COMMISSION FOR GENERAL
COUNSEL BLUMENTHAL
FTC ALSO FOR INTL ANTITRUST - TRITELL/SHANAHAN
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
NSC FOR TONG
USDOC FOR ITA/OFFICE OF JAPAN MELCHER
PARIS FOR USOECD

SENSITIVE

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SUBJECT: WAKAYAMA GOVERNOR RESIGNS OVER BID RIGGING

REF: 1) Osaka Kobe 00588

11. (U) On November 6, the unfolding public works bid rigging case in Wakayama finally claimed the political career of its most prominent target: Governor Yoshiki Kimura. The final straw for Governor Kimura, who until his surprise announcement insisted he would not step down over the widening probe into his administration, appears to have been when ruling party LDP lawmakers threatened to submit a no-confidence motion in the Prefectural Assembly. Kimura's close advisor, Wakayama Treasurer Satoaki Mizutani, is already under arrest for his involvement in the case. Kimura will remain in office until December 2. The by-election will be held on December 17, ahead of a 50-day clock set by statute.

12. (SBU) Halfway through his second four-year gubernatorial term, Kimura has consistently emphasized the need for strong ties to the U.S., capitalizing on the Wakayama-Florida sister state relationship to forge personal ties with Governor Jeb Bush while his outgoing and English-fluent wife conducted two "first lady exchanges" with Mrs. Bush. Mrs. Kimura most recently traveled with Mrs. Bush to Rome in July. He personally greeted commanding officers of U.S. Navy ships making port calls on Wakayama, and this year he established the Japan-America Society of Wakayama.

13. (SBU) The 54-year old Osaka native is an outsider to Wakayama, where political interlocutors say his reforms of Wakayama's important forestry industry and other measures ran into opposition by vested interests in this politically and socially conservative corner of the Kansai district. Wakayama, although relatively poor, is home to two influential LDP politicians: ex-METI Minister Toshihiro Nikai, and Prime Minister Abe's

Public Relations Special Advisor Hiroshige Seko. Media contacts assert to poloff that Kimura's troubles really started after he fell out of grace with Nikai, sometime prior to his first reelection bid. Insiders claim the LDP's tardy support for the incumbent governor's campaign is evidence of Nikai's displeasure with Kimura, possibly over the extent of his reforms. (Nikai's brother and personal secretary once related to poloff that the politician would rather keep mountainous and isolated Wakayama's road system primitive than allow outsiders to shake up the electoral politics of the prefecture.)

¶4. (SBU) Once the LDP came around for his reelection, Kimura ran with the broad support of all mainstream parties, winning handily. Although it is still too early to identify candidates, it is almost certain that a conservative successor close to either Nikai or Seko will soon emerge. We do not expect this scandal or the by-election to affect national politics.

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